



Office of Audit Services
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September 8, 2006

AGENDA ITEM 3

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** Board of Administration – Selection of Financial Statement Auditor
- II. PROGRAM:** Audit Services
- III. RECOMMENDATION:** Staff will present its recommendation for selection of the Board's independent financial statement auditor for a five-year term beginning with Fiscal Year 2006-07 and ending Fiscal Year 2010-11.
- IV. ANALYSIS:**

Section 20228 of the Government Code requires the Board of Administration to annually employ a certified public accountant to audit CalPERS' financial statements.

The Finance Committee approved release of an RFP on March 20, 2006 to obtain services of a qualified firm to audit CalPERS' financial statements. Audit Services completed its Evaluation of Proposals and selected two finalists. The Finance Committee delegated the interviews to the Chair and CalPERS' staff during the June 2006 Finance Committee meeting. Interviews with the two finalists are scheduled for September 5, 2006.

Staff will present the firm recommended to be the Board's Certified Public Accountant to Finance Committee for approval and recommendation to the Board of Administration as its independent financial statement auditor for a five-year term beginning with Fiscal Year 2006-07 and ending Fiscal Year 2010-11.

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic Plan, but it assists the Board of Administration in fulfilling its fiduciary role and statutory responsibility to secure an annual independent audit.

VI. RESULTS/COSTS:

This item will result in engaging an independent public accounting firm to perform five consecutive annual audits of those funds over which the Board of Administration exercises responsibility. The five-year cost for audit services will be presented in the subsequent mailing.

Staff is available to answer questions of the Finance Committee Members.

Larry Jensen, Chief
Office of Audit Services

Peter H. Mixon
General Counsel